



General Assembly

January Session, 2017

***Raised Bill No. 7023***

LCO No. 3671

\* \_\_\_\_\_HB07023INS\_\_\_\_030917\_\_\_\_\_\*

Referred to Committee on INSURANCE AND REAL  
ESTATE

Introduced by:  
(INS)

***AN ACT AUTHORIZING SHORT-TERM CARE GROUP INSURANCE  
POLICIES, PERMITTING HEALTH CARE CENTERS TO CHARGE  
COINSURANCE, AMENDING THE INSURERS REHABILITATION AND  
LIQUIDATION ACT AND REQUIRING THAT INSURERS ISSUE  
NOTICES TO INSUREDS REGARDING PERSONAL AND  
COMMERCIAL RISK POLICIES.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1       Section 1. (NEW) (*Effective October 1, 2017*) (a) As used in this  
2       section, "short-term care policy" means any group health insurance  
3       policy or certificate delivered or issued for delivery to any resident of  
4       this state that is designed to provide, within the terms and conditions  
5       of the policy or certificate, benefits on an expense-incurred, indemnity  
6       or prepaid basis for necessary care or treatment of an injury, illness or  
7       loss of functional capacity provided by a certified or licensed health  
8       care provider in a setting other than an acute care hospital, for a period  
9       not exceeding three hundred days. "Short-term care policy" does not  
10      include any such policy or certificate that is offered primarily to  
11      provide basic Medicare supplement coverage, basic medical-surgical  
12      expense coverage, hospital confinement indemnity coverage, major

13 medical expense coverage, disability income protection coverage,  
14 accident only coverage, specified accident coverage or limited benefit  
15 health coverage.

16 (b) (1) No short-term care policy or certificate shall be delivered or  
17 issued for delivery to any resident in this state, nor shall any  
18 application, rider or endorsement be used in connection with such  
19 policy or certificate, until a copy of the form thereof and of the  
20 classification of risks and the premium rates have been filed with the  
21 Insurance Commissioner. The commissioner shall adopt regulations, in  
22 accordance with the provisions of chapter 54 of the general statutes, to  
23 establish a procedure for reviewing such policies and certificates. The  
24 commissioner shall disapprove the use of such form at any time if the  
25 form does not conform to the requirements of law, or if the form  
26 contains a provision or provisions that are unfair or deceptive or that  
27 encourage misrepresentation of the policy or certificate. The  
28 commissioner shall notify, in writing, the insurer that has filed any  
29 such form of the commissioner's disapproval, specifying the reasons  
30 for disapproval, and ordering that no such insurer shall deliver or  
31 issue for delivery to any person in this state a policy or certificate on or  
32 containing such form. The provisions of section 38a-19 of the general  
33 statutes shall apply to such orders.

34 (2) No rate filed under the provisions of subdivision (1) of this  
35 subsection shall be effective until it has been approved by the  
36 commissioner in accordance with regulations adopted pursuant to this  
37 subsection. The commissioner shall adopt regulations, in accordance  
38 with the provisions of chapter 54 of the general statutes, to prescribe  
39 standards to ensure that such rates shall not be excessive, inadequate  
40 or unfairly discriminatory. The commissioner may disapprove such  
41 rate if it fails to comply with such standards.

42 (c) (1) No insurance company, fraternal benefit society, hospital  
43 service corporation, medical service corporation or health care center  
44 may deliver or issue for delivery any short-term care policy or  
45 certificate without providing, at the time of application or solicitation

46 for purchase or sale of such coverage, full and fair written disclosure of  
47 the benefits and limitations of the policy or certificate.

48 (2) Each applicant for purchase of a short-term care policy or  
49 certificate shall sign an acknowledgment at the time of application for  
50 such policy or certificate that the company, society, corporation or  
51 center has provided the written disclosure required under this  
52 subsection to the applicant. If the method of application does not allow  
53 for such signature at the time of application, the applicant shall sign  
54 such acknowledgment not later than at the time of delivery of such  
55 policy or certificate.

56 (3) Except for a short-term care policy or certificate for which no  
57 applicable premium rate revision or rate schedule increases can be  
58 made, such disclosure shall include:

59 (A) A statement in not less than twelve-point bold face type that the  
60 policy or certificate does not provide long-term care insurance  
61 coverage and is not a long-term care insurance policy or certificate or a  
62 Connecticut Partnership for Long-Term Care insurance policy or  
63 certificate;

64 (B) A statement that the policy or certificate may be subject to rate  
65 increases in the future;

66 (C) An explanation of potential future premium rate revisions and  
67 the policyholder's or certificate holder's option in the event of a  
68 premium rate revision; and

69 (D) The premium rate or rate schedule applicable to the applicant  
70 for purchase of the short-term care policy or certificate that will be in  
71 effect until such company, society, corporation or center files a request  
72 with the commissioner for a revision to such premium rate or rate  
73 schedule.

74 (d) (1) No insurance company, fraternal benefit society, hospital  
75 service corporation, medical service corporation or health care center

76 delivering, issuing for delivery, renewing, continuing or amending any  
 77 short-term care policy or certificate in this state shall refuse to accept,  
 78 or refuse to make reimbursement pursuant to, a claim for benefits  
 79 submitted by or prepared with the assistance of a managed residential  
 80 community, as defined in section 19a-693 of the general statutes, in  
 81 accordance with subdivision (7) of subsection (a) of section 19a-694 of  
 82 the general statutes, solely because such claim for benefits was  
 83 submitted by or prepared with the assistance of a managed residential  
 84 community.

85 (2) Each insurance company, fraternal benefit society, hospital  
 86 service corporation, medical service corporation or health care center  
 87 delivering, issuing for delivery, renewing, continuing or amending any  
 88 short-term care policy or certificate in this state shall, upon receipt of a  
 89 written authorization executed by the insured, (A) disclose  
 90 information to a managed residential community for the purpose of  
 91 determining such insured's eligibility for an insurance benefit or  
 92 payment, and (B) provide a copy of the initial acceptance or  
 93 declination of a claim for benefits to the managed residential  
 94 community at the same time such acceptance or declination is made to  
 95 the insured.

96 (e) The commissioner shall adopt regulations, in accordance with  
 97 the provisions of chapter 54 of the general statutes, to implement the  
 98 provisions of this section. Such regulations shall include, but need not  
 99 be limited to, (1) the permissible loss ratio for a short-term care policy  
 100 or certificate, if any, (2) the permissible exclusionary periods for  
 101 coverage under a short-term care policy or certificate, if any, (3) the  
 102 circumstances under which a short-term care policy or certificate will  
 103 be renewable, and (4) the benefits payable under a short-term care  
 104 policy or certificate in relation to other insurance coverage that  
 105 provides benefits to the insured.

106 Sec. 2. Section 38a-177 of the general statutes, as amended by section  
 107 22 of public act 16-213, is repealed and the following is substituted in  
 108 lieu thereof (*Effective July 1, 2017*):

109 A health care center may provide health care (1) directly or by its  
 110 employees or contractors licensed by this state to render such services,  
 111 or by contract or by indemnity arrangement with any hospital, hospital  
 112 service corporation, medical service corporation or person qualified  
 113 and licensed to render any health care service or by both methods;  
 114 [and] or (2) by other methods to the extent permitted under the Federal  
 115 Health Maintenance Organization Act and the regulations adopted  
 116 thereunder from time to time unless otherwise determined by the  
 117 commissioner [by regulation] in regulations adopted in accordance  
 118 with the provisions of chapter 54. A health care center may also enter  
 119 into agreements with hospitals or individuals approved by their  
 120 respective state regulating board, licensed to practice any of the  
 121 healing arts, for the training of personnel under the direction of  
 122 persons licensed to practice the profession or healing art. A health care  
 123 center may also maintain a clinic or clinics for the prevention, study,  
 124 diagnosis and treatment of human ailments and injuries by licensed  
 125 persons and to promote medical, surgical, dental or scientific research  
 126 and learning.

127 Sec. 3. Section 38a-323 of the general statutes is repealed and the  
 128 following is substituted in lieu thereof (*Effective October 1, 2017*):

129 (a) (1) No insurer shall refuse to renew any policy [which] that is  
 130 subject to the requirements of sections 38a-663 to 38a-696, inclusive,  
 131 unless such insurer or its agent sends, by registered or certified mail or  
 132 by mail evidenced by a certificate of mailing, or delivers to the named  
 133 insured, at the address shown in the policy, at least sixty days' advance  
 134 notice of its intention not to renew. The notice of intent not to renew  
 135 shall state or be accompanied by a statement specifying the reason for  
 136 such nonrenewal. This section shall not apply: [(1)] (A) In case of  
 137 nonpayment of premium; [(2)] (B) if the insured fails to pay any  
 138 advance premium required by the insurer for renewal, provided,  
 139 notwithstanding the failure of an insurer to comply with this  
 140 subsection, with respect to automobile liability insurance policies the  
 141 policy shall terminate on the effective date of any other insurance

142 policy with respect to any automobile designated in both policies; or  
 143 [(3)] (C) if the policy is transferred from the insurer to an affiliate of  
 144 such insurer for another policy with no interruption of coverage and  
 145 contains the same terms, conditions and provisions, including policy  
 146 limits, as the transferred policy, except that the insurer to which the  
 147 policy is transferred shall not be prohibited from applying its rates and  
 148 rating plans at the time of renewal. With respect to an automobile or  
 149 homeowners policy, each insurer that sends or delivers a notice of  
 150 nonrenewal pursuant to this subsection shall use the same method to  
 151 send or deliver such notice to any third party designated pursuant to  
 152 section 38a-323a.

153 (2) If an insurer intends to renew any policy that is subject to the  
 154 requirements of sections 38a-663 to 38a-696, inclusive, under terms or  
 155 conditions less favorable to the insured than provided under the  
 156 existing policy, the insurer shall send a conditional renewal notice in  
 157 the manner required for a notice of nonrenewal under subdivision (1)  
 158 of this subsection. The conditional renewal notice shall clearly state or  
 159 be accompanied by a statement clearly identifying any reduction in  
 160 coverage limits, coverage provisions added or revised that reduce  
 161 coverage or increases in deductibles, under the renewal policy.

162 (b) (1) [On or before September 30, 1987, a] A premium billing  
 163 notice for any policy subject to the requirements of sections 38a-663 to  
 164 38a-696, inclusive, except a workers' compensation policy, shall be  
 165 mailed or delivered to the insured by the insurer or its agent not less  
 166 than [forty-five days in advance of the renewal date or the anniversary  
 167 date of the policy. On or after October 1, 1987, such notice shall be so  
 168 mailed or delivered to the insured not less than] thirty days in advance  
 169 of the policy's renewal or anniversary date, except that [on or after  
 170 October 1, 1998,] such notice shall not be required for a commercial  
 171 risk policy if the premium for the ensuing policy period is to increase  
 172 less than ten per cent on an annual basis. The premium billing notice  
 173 shall be based on the rates and rules applicable to the ensuing policy  
 174 period and shall include a notice of transfer when the policy has been

175 transferred from an insurer to an affiliate of such insurer pursuant to  
176 the provisions of [subdivision (3)] subparagraph (C) of subdivision (1)  
177 of subsection (a) of this section. The provisions of this subsection shall  
178 apply to any such policy for which the annual premium was less than  
179 fifty thousand dollars for the preceding annual policy period.

180 (2) For purposes of any commercial risk policy subject to the  
181 requirements of sections 38a-663 to 38a-696, inclusive, except a  
182 workers' compensation policy, the mailing or delivery of a premium  
183 billing notice by an insurer's managing general agent, in accordance  
184 with the provisions of subdivision (1) of this subsection, shall  
185 constitute compliance by such insurer with said subdivision.

186 (c) Failure of the insurer or its agent to provide the insured with the  
187 required notice of nonrenewal or premium billing shall entitle the  
188 insured to: (1) Renewal of the policy for a term of not less than one  
189 year, and (2) the privilege of pro-rata cancellation at the lower of the  
190 current or previous year rates if exercised by the insured within sixty  
191 days from the renewal date or anniversary date. Renewal of a policy  
192 shall not constitute a waiver or estoppel with respect to grounds for  
193 cancellation [which] that existed before the effective date of such  
194 renewal.

195 (d) Notwithstanding the provisions of subsection (b) of this section,  
196 the advance notice period for any premium billing notice shall be at  
197 least sixty days for any liability insurance policy wherein a  
198 municipality is the named insured.

199 (e) Notwithstanding the provisions of subdivision (1) of subsection  
200 (a) of this section, the advance notice period for any refusal to renew  
201 any professional liability policy shall be at least ninety days.

202 (f) (1) No surplus lines insurer shall be deemed eligible to write  
203 coverage for risks as provided in sections 38a-741 to 38a-744, inclusive,  
204 and 38a-794, unless such surplus lines insurer complies with the  
205 requirements of this section.

206 (2) Notwithstanding the provisions of subsection (b) of this section,  
 207 premium billing notices shall be provided by any surplus lines insurer  
 208 to the insured at least sixty days in advance of the renewal or  
 209 anniversary date of the policy. Notices of nonrenewal or premium  
 210 billing required by this section shall be provided by the surplus lines  
 211 insurer or its duly authorized representative to the insured.

212 (3) Notwithstanding the provisions of subsection (c) of this section,  
 213 failure of any surplus lines insurer to provide the insured with the  
 214 required notice of nonrenewal or premium billing shall entitle the  
 215 insured to an extension of the policy for a period of ninety days after  
 216 the renewal or anniversary date of such policy, [provided] except that  
 217 if the surplus lines insurer fails to provide the required notice on or  
 218 before the renewal or anniversary date of such policy, the provisions of  
 219 subsection (c) of this section shall apply. In the event of such a ninety-  
 220 day extension of coverage, the premium for the extended period of  
 221 coverage shall be the current rate or the previous rate, whichever is  
 222 lower.

223 (g) For purposes of any market conduct examination performed  
 224 pursuant to section 38a-15, the Insurance Commissioner may find an  
 225 insurer to be in compliance with the requirements of this section upon  
 226 a determination that such insurer made a good faith effort to so  
 227 comply.

228 Sec. 4. Subsection (a) of section 38a-930 of the general statutes is  
 229 repealed and the following is substituted in lieu thereof (*Effective July*  
 230 *1, 2017*):

231 (a) (1) A preference is a transfer of any of the property of an insurer  
 232 to or for the benefit of a creditor, for or on account of an antecedent  
 233 debt, made or suffered by the insurer within one year before the filing  
 234 of a successful petition for liquidation under sections 38a-903 to 38a-  
 235 961, inclusive, the effect of which transfer may be to enable the creditor  
 236 to obtain a greater percentage of this debt than another creditor of the  
 237 same class would receive. If a liquidation order is entered while the



238 insurer is already subject to a rehabilitation order, then such transfers  
239 shall be deemed preferences if made or suffered within one year before  
240 the filing of the successful petition for rehabilitation, or within two  
241 years before the filing of the successful petition for liquidation,  
242 whichever time is shorter.

243 (2) Any preference may be avoided by the liquidator if: (A) The  
244 insurer was insolvent at the time of the transfer; (B) the transfer was  
245 made within four months before the filing of the petition; (C) the  
246 creditor receiving it or to be benefited thereby or [his] such creditor's  
247 agent acting with reference thereto had, at the time when the transfer  
248 was made, reasonable cause to believe that the insurer was insolvent  
249 or was about to become insolvent; or (D) the creditor receiving it was  
250 an officer, or any employee or attorney or other person who was in fact  
251 in a position of comparable influence in the insurer to an officer  
252 whether or not [he] such employee, attorney or other person held such  
253 position, or any shareholder holding directly or indirectly more than  
254 five per [centum] cent of any class of any equity security issued by the  
255 insurer, or any other person, firm, corporation, association, or  
256 aggregation of persons with whom the insurer did not deal at arm's  
257 length.

258 (3) Where the preference is voidable, the liquidator may recover the  
259 property, or if it has been converted, its value from any person who  
260 has received or converted the property, except where a bona fide  
261 purchaser or lienor has given less than fair equivalent value, [he] such  
262 purchaser or lienor shall have a lien upon the property to the extent of  
263 the consideration actually given by [him] such purchaser or lienor.  
264 Where a preference by way of lien or security title is voidable, the  
265 court may on due notice order the lien or title to be preserved for the  
266 benefit of the estate, in which event the lien or title shall pass to the  
267 liquidator.

268 (4) Notwithstanding subdivisions (1) to (3), inclusive, of this  
269 subsection, a transfer pursuant to a commutation of a reinsurance  
270 agreement that is approved by the commissioner or the

271 commissioner's designated appointee under section 38a-962d shall not  
 272 be voidable as a preference. For the purposes of this subdivision, a  
 273 commutation of a reinsurance agreement is the elimination of all  
 274 present and future obligations between the parties, arising from the  
 275 reinsurance agreement, in exchange for a current consideration.

276 Sec. 5. Subsection (b) of section 38a-140 of the general statutes is  
 277 repealed and the following is substituted in lieu thereof (*Effective July*  
 278 *1, 2017*):

279 (b) Whenever it appears to the commissioner that any person has  
 280 committed a violation of sections 38a-129 to 38a-140, inclusive, as  
 281 amended by this act, that so impairs the financial condition of a  
 282 domestic insurance company as to threaten insolvency or make the  
 283 further transaction of business by it hazardous to its policyholders,  
 284 creditors, securityholders or the public, the commissioner may proceed  
 285 as provided in [section 38a-18] chapter 704c to take possession of the  
 286 property of such domestic insurance company and to conduct the  
 287 business thereof.

288 Sec. 6. Section 38a-18 of the general statutes is repealed. (*Effective*  
 289 *July 1, 2017*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	New section
Sec. 2	<i>July 1, 2017</i>	38a-177
Sec. 3	<i>October 1, 2017</i>	38a-323
Sec. 4	<i>July 1, 2017</i>	38a-930(a)
Sec. 5	<i>July 1, 2017</i>	38a-140(b)
Sec. 6	<i>July 1, 2017</i>	Repealer section

**INS**      *Joint Favorable*